

## Impartial Analysis

The Mountain View City Council has placed Measure P on the November 6, 2018 ballot, asking voters to adopt a Business Registration and License Tax Ordinance to restructure the City's business license tax.

Currently, businesses pay for a license based on the nature of the business (i.e. professional service, manufacturer, animal hospital, hotel, etc.). The tax structure and rate have not changed since 1954. Most businesses pay an annual license fee of \$30. The ordinance restructures the tax and bases it on the average number of employees of the business and authorizes a maximum tax rate. If approved, each business would be required to register and pay a fee to obtain a business license every year by January 1<sup>st</sup>.

The business registration and license tax applies to those businesses whose annual gross receipts total \$5,001 or more. The base tax rate is \$75 and increases as the number of employees of a business increases as set forth below:

<b>Number of Employees</b>	<b>Maximum Authorized Business Registration and License Tax</b>
1	\$75
2-25	\$75 + \$5/employee for each employee over 1
26-50	\$195 + \$10/employee for each employee over 25
51-500	\$445 + \$75/employee for each employee over 50 employees
501-1,000	\$34,195 + \$100/employee for each employee over 500 employees
1,001-5,000	\$84,195 + \$125/employee for each employee over 1,000
5,001 +	\$584,195 + \$150/employee for each employee over 5,000

Businesses located outside of the City, but who send employees into the City to conduct business would be taxed at 25%, 50% or 100% of the tax rate based on the number of days the employees conduct business or provide services in the City.

The City estimates this tax could generate approximately \$6 million annually. All tax proceeds would go into the City's general fund and could be used for any legitimate governmental purpose. Any funds generated by the business registration and license tax would be subject to an independent annual audit.

The tax would be implemented over three years. Businesses with fifty (50) employees or less would begin paying the tax on January 1, 2020. Businesses with fifty-one (51) employees or more would pay one-third (1/3) of the tax owed on January 1, 2020, two-

thirds (2/3) of the tax owed on January 1, 2021 and the full tax on January 1, 2022 and thereafter.

The City Council may amend or repeal the ordinance in any manner that does not increase the tax above the amount approved by the voters. This means the City Council can adopt a lower tax rate and raise it again to the amount authorized by this ordinance without further voter approval. However, voter approval is required to increase the tax above the amount authorized by this ordinance.

A "YES" vote would adopt the Business Registration and License Tax Ordinance. A "NO" vote would not adopt the Business Registration and License Tax Ordinance.

Measure P would be approved if it received a simple majority of "YES" votes.

The above statement is an impartial analysis of Measure P. If you desire a copy of the ordinance or measure, please call the City Clerk at (650) 903-6304 and a copy will be mailed at no cost to you. Copies are also available in the City Clerk's Office and on the City's website at [www.mountainview.gov](http://www.mountainview.gov).

By

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City of Mountain View

Date: August 8, 2018

